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EXAMINER

WONG, ERIC TAK WAI

ART UNIT

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/698,140	<b>Applicant(s)</b> PETERSON ET AL.	
	<b>Examiner</b> ERIC T. WONG	<b>Art Unit</b> 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 15 October 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1, 3, 28-34, 36 and 37 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1, 3, 28-34, 36, and 37 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)         | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)         | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Election/Restrictions***

1. Applicant's election with traverse of Group I, claims 1, 3, 28-34, 36, and 37 in the reply filed on 10/15/2009 is acknowledged. The traversal is on the ground(s) that the search and examination of both Groups I and II is not unduly burdensome since both groups have already been searched and examined. This is not found persuasive because further search and/or consideration may be required in view of Applicant's amendments/remarks. Although a restriction requirement will normally be made before any action upon the merits, it may be made at any time before final action. Search and examination of the separate groups would be burdensome because the following reasons apply:

- the inventions require a different field of search (for example, searching different classes/subclasses or electronic resources, or employing different search queries);
- the prior art applicable to one invention would not likely be applicable to another invention;

2. The requirement is still deemed proper and is therefore made FINAL.

***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1, 3, 28-33, 36, and 37 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

5. For purposes of § 101, a "process" has been given a specialized, limited meaning by the courts. Based on Supreme Court precedent and recent Federal Circuit decisions, a process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. If neither of these requirements is met by the claim, the method is not a patent eligible process under § 101 since it is directed to non-statutory subject matter. In addition to being tied to another statutory class, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. See *In re Bilski*, 88 USPQ2d 1385 (Fed. Cir. 2008).

6. There are two corollaries to the machine-or-transformation test. First, a mere field-of-use limitation is generally insufficient to render an otherwise ineligible method claim patent-eligible. This means the machine or transformation must impose meaningful limits on the method claim's scope to pass the test. Second, insignificant extra-solution activity will not transform an unpatentable principle into a patentable process. This means reciting a specific

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machine or a particular transformation of a specific article in an insignificant step, such a data gathering or outputting, is not sufficient to pass the test.

7. A method claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here claims 1, 3, 28-34, 36, and 37 fail to meet the above requirements since there is neither a physical transformation nor a sufficient tie to another statutory class.

8. On the first Bilski prong, claim 1 recites in the preamble that the method is done in a financial advisory computer system. However, the recitation in the preamble does not impose meaningful limits on the method claim's scope since limitations in the preamble are generally accorded little to no patentable weight. Claim 1 also recites a "database" in the body of the claim. However, a database may be reasonably interpreted as any collection of data. Therefore, the recitation does not necessarily comprise a tie to another statutory class.

9. On the second Bilski prong, the claim does not require transformation of any article into a different state or thing. The only transformation is that of legal rights and organizational relationships that were explicitly excluded in the Bilski decision: "transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances."

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***Claim Rejections - 35 USC § 103***

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claim 1, 3, 29-32, 34, 36, 37 rejected under 35 U.S.C. 103(a) as being unpatentable over Hoffman (US PATENT 7,249,080, cited in prior Office Action) in view of Perkel (US PG-PUB 2002/0062273, cited in prior Office Action), further in view of Zeitoun (US PG-PUB 2005/0027632), further in view of Bove (US PATENT 7,149,713, cited in prior Office Action).

12. Regarding claim 1, Hoffman teaches

receiving a risk tolerance for a client (see column 2 lines 34-36);

receiving preferences for the client, wherein the preferences for the client include an identification of specific assets that a client wants to sell or hold (see column 36 lines 16-18);

identifying assets held in the client's portfolio (see column 4 lines 6-11, 54-58);

based on the preferences and the risk tolerance for the client, determining a recommended asset allocation (see column 12 lines 61-67);

providing a database with ratings for different financial assets (see column 11 lines 63-66);

identifying one or more assets in the client's portfolio that are recommended to be sold (see column 12 lines 61-67);

for each asset of the one or more identified assets recommended to be sold, generating a list of alternative client portfolio assets recommended to be sold instead of the identified asset (see column 21 lines 18-23, 38-46);

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wherein an asset is recommended to be sold based on one of the following criteria: (1) the asset is recommended to be sold to achieve a recommended asset allocation (2) the asset is recommended to be sold based on a specific client preference (3) the asset is recommended to be sold in order to achieve sector diversification (4) the asset is recommended to be sold based on a poor rating for the asset in the database (5) the asset is recommended to be sold in order to reduce concentration in the asset, or (6) the asset is recommended to be sold to realize tax loss harvesting;

13. Hoffman further teaches recommending assets to be sold to achieve a recommended asset allocation and recommending assets to be sold due to poor ratings (see column 13 lines 22-36).

However, Hoffman does not explicitly teach displaying, along with the recommendations, the bases for the recommendations, wherein the bases correlate to investment strategies for the client's portfolio.

14. Perkel teaches that when a client places an order with a broker in response to an advice interaction with a broker, the resulting trade is deemed a "solicited trade" (see paragraph 4).

Perkel further teaches that this advice may include recommending to sell for various reasons correlating to an investment strategy for the client's portfolio (see at least FIG. 9B2). Therefore, Perkel teaches identifying the bases for recommending that assets be sold.

15. Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention to modify the system of Hoffman to include identifying the basis for recommending that assets be sold, wherein the basis may include recommending assets to be sold to achieve a recommended asset allocation or recommending assets to be sold due to poor ratings. The modification would have merely been the application of a known technique to a known method ready for improvement yielding predictable results.

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16. The combination as proposed by the Examiner recommends assets to be sold for various reasons and identifies those reasons to the investor. Modifying the layout of the information such that the recommendations are placed in tables with each table corresponding to a basis for recommendation constitutes a mere rearrangement of data which does not patentably distinguish the claimed invention from the prior art. Examiner asserts that it is old and well known in the art to group data by shared attributes and that the data being grouped constitutes non-functional descriptive material (in this case, the data includes assets to be sold and the shared attributes are the reasons for recommending sale). The modification would have merely been the application of a known technique to a known method yielding predictable results.

17. Hoffman does not explicitly disclose:

receiving all the account numbers for a plurality of investment accounts the client has at a particular financial institution;

receiving preferences wherein the preferences also include which of the plurality of accounts are to be included in financial advisory considerations;

identifying assets held in the client's portfolio wherein the portfolio includes assets spread across the included accounts;

18. Zeitoun teaches:

receiving all the account numbers for a plurality of investment accounts the client has at a particular financial institution (see paragraphs [0047] and [0054]);

receiving preferences wherein the preferences also include which of the plurality of accounts are to be included in financial advisory considerations (see paragraphs [0070], [0071]);

identifying assets held in the client's portfolio wherein the portfolio includes assets spread across the included accounts (see paragraphs [0168]-[0170]);

19. It would have been obvious to one of ordinary skill in the art at the time of invention to have modified Hoffman further with the teachings of Zeitoun. The modification would have



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merely been the application of a known technique, ie. financial analysis across multiple accounts, to a known method ready for improvement, Hoffman's method of financial analysis, yielding predictable results.

20. Hoffman does not explicitly disclose recommending placing assets into the included accounts in a tax efficient manner.

21. Bove teaches recommending placing assets into multiple accounts in a tax efficient manner (see abstract and column 4, lines 48-67).

22. It would have been obvious to one of ordinary skill in the art at the time of invention to have modified Hoffman further with recommending placing assets into multiple accounts in a tax efficient manner, as taught by Bove. The modification would have merely been the application of a known technique to a known method yielding predictable results, the predictable results being minimizing tax liability.

23. Regarding claim 3, Hoffman further discloses a table containing one or more rows and a plurality of columns, with at least one of the columns indicating a rating from the database wherein the rating corresponds to the asset that corresponds to the row where the rating is provided (see FIG.10).

24. Regarding claims 29-32, Hoffman teaches recommending assets to be sold based on a specific client preference (see column 2 lines 34-36); recommending assets to be sold in order to achieve sector diversification (see column 28 lines 30-38); recommending assets to be sold in

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order to reduce concentration in the asset (see column 28 lines 30-38); recommending assets to be sold to realize tax loss harvesting (see column 28 lines 42-46).

25. As discussed above in the rejection of claim 1, the combination as proposed by the Examiner recommends assets to be sold for various reasons and identifies those reasons to the investor. Modifying the layout of the information such that the recommendations are placed in tables with each table corresponding to a basis for recommendation constitutes a mere rearrangement of data which does not patentably distinguish the claimed invention from the prior art.

26. Regarding claim 34, Hoffman further discloses wherein determining a recommended asset allocation is performed by the computer system.

27. Regarding claim 36, Hoffman discloses displaying, in a table, columns including a symbol, a quantity to sell, shares and position value, and asset class (see FIG. 13).

28. Hoffman further discloses displaying the rating of an asset as a column in a table (see FIG. 10, "Stock Alerts").

29. Hoffman further discloses displaying account number and account type (see FIG. 10). Examiner notes that a user may click on an account name to view account details, which includes account number and account type.

30. Regarding claim 37, Hoffman further discloses wherein the account number and account type column lists taxable and non-taxable accounts (see FIG. 10, "Stock Alerts").

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31. Claims 28 and 33 rejected under 35 U.S.C. 103(a) as being unpatentable over Hoffman in view of Perkel, further in view Zeitoun, further in view of Bove, further in view of Official Notice.

32. Regarding claims 28 and 33, Hoffman discloses an asset allocation model but does not explicitly model based on an underlying target asset allocation corresponding to model portfolios constructed via means-variance optimization.

33. Official Notice is taken that asset allocation models based on an underlying target asset allocation corresponding to model portfolios constructed via means-variance optimization were old and well known in the art at the time of invention (Markowitz mean-variance model).

34. It would have been obvious to have modified Hoffman to include said means-variance asset allocation models. The modification would have merely been the simple substitution of one known element for another (asset allocation models) to obtain predictable results.

35. In response to Applicant's traversal of the Official Notice taken, Examiner provides Kaplan, ("Asset Allocation Models Using the Markowitz Approach") as supporting evidence. Kaplan teaches an asset allocation model based on an underlying target asset allocation corresponding to model portfolios constructed via means-variance optimization (Markowitz – based mean-variance model).

***Response to Arguments***

36. Applicant's arguments filed 7/6/2009 have been fully considered but they are not persuasive.

37. Applicant argues that claim 1 recites a "database" in the body of the claim, and the preamble recites a "computer system." As such, the claim recites a machine and is therefore tied to a statutory class and satisfies 35 U.S.C. 101 (see pg. 9 of Remarks).

38. The argument is found unpersuasive for the following reasons:

39. Method claim 1 fails to **positively recite** the statutory class the other statutory class to which it is tied. The claim recites in the preamble that the method is done in a financial advisory computer system. However, the recitation in the preamble does not impose meaningful limits on the method claim's scope since limitations in the preamble are generally accorded little to no patentable weight. The claim also recites a "database" in the body of the claim. However, a database may be reasonably interpreted as any collection of data. Therefore, the recitation does not necessarily comprise a tie to another statutory class.

40. Examiner recommends amending the claim to recite that at least one significant step is performed by a computing device (eg. claim 34 satisfies the Bilski test).

41. Applicant argues that Applicants are not claiming "tables" *per se*. Rather, the limitation "generating a plurality of tables wherein each asset of the one or more identified assets recommended to be sold is included in one of the tables, wherein each table corresponds to a reason that identifies the basis for recommending that assets contained in the table be sold, wherein the plurality of tables includes a first table that lists assets to be sold to achieve a

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recommended asset allocation and a second table that lists assets to be sold due to poor ratings and wherein the basis correlates to an investment strategy for the client's portfolio" includes tables of assets that are generated based on specific reasons (see pg. 12 of Remarks).

42. The argument is found unpersuasive for the following reasons:

43. Examiner acknowledges that Applicants are not claiming "tables" *per se*. However, displaying a table necessarily entails generating a table. Therefore, displaying tables which are grouped by reasons for recommending the sale, as discussed in the rejection of claim 1 above, necessarily entails generating the tables.

44. Applicant argues that Bove does not teach recommending placing assets into multiple accounts in a tax efficient manner; Bove only suggests that tax advantaged accounts exist, and that it is possible to buy stocks in tax advantaged accounts (see Remarks, pg. 13).

45. The argument is found unpersuasive for the following reasons:

46. Bove, at abstract and column 4, lines 48-67, teaches first- placing stocks into a Roth IRA if available, second – purchasing stocks into an annuity if available, ..., fourth placing stocks into taxable accounts, etc.. Therefore, Bove teaches recommending placing assets into multiple accounts in a tax efficient manner

47. Examiner also notes Frank (US PATENT 6,240,399) discloses a system and method to maximize the investor's ending after-tax asset accumulation by allocating chosen investment vehicles between taxable and tax-deferred accounts in an optimum way.

***Conclusion***

48. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Frank (US PATENT 6,240,399) discloses a system and method to maximize the investor's ending after-tax asset accumulation by allocating chosen investment vehicles between taxable and tax-deferred accounts in an optimum way.

49. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to ERIC T. WONG whose telephone number is 571-270-3405. The examiner can normally be reached on Monday-Friday 9:00AM-5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James A. Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

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Examiner  
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February 27, 2010